

Lets not forget the wonderful letter!!!

AT&T's pledge to expand its LTE network to an additional 55 million Americans if the T-Mobile USA mega-merger goes through carries a \$3.8 billion price tag, according to data accidentally leaked by the company today.

The operator's promise to expand its LTE network to rural areas of the country has served as the proverbial carrot on a stick in its efforts to build support for the controversial acquisition.

Politicians, consumer groups and top corporations in the tech industry who support the deal have all cited the company's plan for extra LTE coverage as one of the main reasons the FCC and Justice Department should allow the massive merger to go through.

AT&T's first LTE plan covered just 80 percent of the U.S. population, but the company says it will expand the network to 97 percent of Americans if the T-Mobile deal is approved.

In a partially redacted letter mistakenly posted to the FCC's website for several hours today, AT&T revealed it will cost the company \$3.8 billion in additional capital expenditures to build out the LTE network to additional markets outside of its previous plan.

The ex parte filing (which means it is a submission NOT in response to what others might have filed) detailed a meeting between AT&T's lawyers and FCC officials. The document was posted by AT&T's law firm and has since been pulled from the FCC's website. (AT&T has published scores of heavily redacted documents in conjunction with the agency's review of the T-Mobile merger.)

The expansion's price tag and the operator's decision to deploy HSPA+ in the same rural markets by the end of next year put a kibosh on the proposal until AT&T decided to buy T-Mobile.

"AT&T senior management concluded that, unless AT&T could find a way to expand its LTE footprint on a significantly more cost-effective basis, an LTE deployment to 80 percent of the U.S. population was the most that could be justified," AT&T counsel Richard Rosen stated in the letter.

The company said its merger with T-Mobile would spread the cost of the LTE expansion over a larger revenue base, allowing it to "better absorb the increased capital investment and lower returns associated with deploying LTE to over 97 percent of the U.S. population."

Phil Solis, who directs research on wireless networks at ABI Research, says there's something to be said for AT&T's argument.

?You really do get diminishing returns,? Solis says, citing the difficulty of recouping investment on a network that will only cover a handful of people. ?They?re making the case that if they?re allowed to acquire T-Mobile, they?ll have so many revenue benefits that they?ll be able to afford the extra coverage. It would help.?

The expansion of AT&T?s LTE plans will require the company to nearly triple the land mass covered by the network. Under the company?s plan to have its LTE network cover 80 percent of the U.S. population, the company had to cover just 20 percent of the country?s land mass in densely populated areas. AT&T will have to cover 55 percent of the country?s land mass to bring its LTE network to 97 percent of U.S. residents.

However, Solis points out that the rural residents covered by AT&T?s expanded LTE plans won?t be bereft of mobile broadband service if the T-Mobile deal falls through: Verizon Wireless has pledged to cover its entire 3G footprint with LTE by the end of 2013.

AT&T decided last winter to speed up its LTE deployment plans amid increased competitive pressure from Verizon, which launched its LTE network in December 2010. AT&T plans to launch LTE in five markets this summer and is expected to cover 70 million Americans with the network by year-end. The service is slated to reach 170 million people by the end of 2012. By the end of 2013, the network will cover 250 million U.S. residents.

The deployment also will require a major overhaul to AT&T?s network. According to information inadvertently released in the FCC document, AT&T plans to upgrade 44,000 nodes to LTE over the next two years, including 8,000 nodes this year, 16,000 nodes next year and 20,000 nodes in 2013. Expanding its LTE network into areas left out of its previous plan will involve 18,000 cell sites.

AT&T had debated doing prep work at the cell sites during its HSPA+ upgrades, but decided the plan ?did not produce sufficient savings? and would cost about \$220 million this year alone. ?Because of the significant cost of deploying LTE beyond the Plan of Record, the budgetary pressure that had already been created by accelerating the 80 percent LTE deployment by a full year, and the additional capital expenditures for the basic prep work required for a limited number of sites, AT&T decided not to move forward with this additional work,? Rosen said.

Dear ATT,

before you buy another cell network. could you please fix your own. Can You Hear Me Now- Nope-  
im on the new ATTTmobile netnetwork.